

FIRST REGULAR SESSION

SENATE BILL NO. 595

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCOTT.

Read 1st time February 26, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

2450S.011

AN ACT

To repeal sections 326.256 and 326.283, RSMo, and to enact in lieu thereof two new sections relating to equivalency requirements for accountants.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 326.256 and 326.283, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 326.256 and 326.283, to read as follows:

326.256. 1. As used in this chapter, the following terms mean:

- (1) "AICPA", the American Institute of Certified Public Accountants;
- (2) "Attest" or "attest services", providing the following financial statement services:
 - (a) Any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
 - (b) Any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); or
 - (c) Any engagement to be performed in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB);
- (3) "Board", the Missouri state board of accountancy established pursuant to section 326.259 or its predecessor pursuant to prior law;
- (4) "Certificate", a certificate issued pursuant to section 326.060 prior to August 28, 2001;
- (5) "Certified public accountant" or "CPA", the holder of a certificate or license as defined in this section;
- (6) "Certified public accountant firm", "CPA firm" or "firm", a sole

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 proprietorship, a corporation, a partnership or any other form of organization
20 issued a permit pursuant to section 326.289;

21 (7) "Client", a person or entity that agrees with a licensee or licensee's
22 employer to receive any professional service;

23 (8) "Compilation", providing a service to be performed in accordance with
24 Statements on Standards for Accounting and Review Services (SSARS) that is
25 presented in the form of financial statements information that is the
26 representation of management (owners) without undertaking to express any
27 assurance on the statements;

28 (9) "License", a license issued pursuant to section 326.280, or a provisional
29 license issued pursuant to section 326.283; or, in each case, an individual license
30 or permit issued pursuant to corresponding provisions of prior law;

31 (10) "Licensee", the holder of a license as defined in this section;

32 (11) "Manager", a manager of a limited liability company;

33 (12) "Member", a member of a limited liability company;

34 (13) "NASBA", the National Association of State Boards of Accountancy;

35 (14) "Peer review", a study, appraisal or review of one or more aspects of
36 the professional work of a licensee or certified public accountant firm that
37 performs attest, review or compilation services, by licensees who are not affiliated
38 either personally or through their certified public accountant firm being reviewed
39 pursuant to the Standards for Performing and Reporting on Peer Reviews
40 promulgated by the AICPA or such other standard adopted by regulation of the
41 board which meets or exceeds the AICPA standards;

42 (15) "Permit", a permit to practice as a certified public accountant firm
43 issued pursuant to section 326.289 or corresponding provisions of prior law or
44 pursuant to corresponding provisions of the laws of other states;

45 (16) "Professional", arising out of or related to the specialized knowledge
46 or skills associated with certified public accountants;

47 (17) "Public accounting":

48 (a) Performing or offering to perform for an enterprise, client or potential
49 client one or more services involving the use of accounting or auditing skills, or
50 one or more management advisory or consulting services, or the preparation of
51 tax returns or the furnishing of advice on tax matters by a person, firm, limited
52 liability company or professional corporation using the title "C.P.A." or "P.A." in
53 signs, advertising, directory listing, business cards, letterheads or other public
54 representations;

55 (b) Signing or affixing a name, with any wording indicating the person or
56 entity has expert knowledge in accounting or auditing to any opinion or certificate
57 attesting to the reliability of any representation or estimate in regard to any
58 person or organization embracing financial information or facts respecting
59 compliance with conditions established by law or contract, including but not
60 limited to statutes, ordinances, rules, grants, loans and appropriations; or

61 (c) Offering to the public or to prospective clients to perform, or actually
62 performing on behalf of clients, professional services that involve or require an
63 audit or examination of financial records leading to the expression of a written
64 attestation or opinion concerning these records;

65 (18) "Report", when used with reference to financial statements, means
66 an opinion, report or other form of language that states or implies assurance as
67 to the reliability of any financial statements, and that also includes or is
68 accompanied by any statement or implication that the person or firm issuing it
69 has special knowledge or competence in accounting or auditing. Such a statement
70 or implication of special knowledge or competence may arise from use by the
71 issuer of the report of names or titles indicating that the person or firm is an
72 accountant or auditor, or from the language of the report itself. The term report
73 includes any form of language which disclaims an opinion when such form of
74 language is conventionally understood to imply any positive assurance as to the
75 reliability of the financial statements referred to or special competence on the
76 part of the person or firm issuing such language, or both, and includes any other
77 form of language that is conventionally understood to imply such assurance or
78 such special knowledge or competence, or both;

79 (19) "Review", providing a service to be performed in accordance with
80 Statements on Standards for Accounting and Review Services (SSARS) that is
81 performing inquiry and analytical procedures that provide the accountant with
82 a reasonable basis for expressing limited assurance that there are no material
83 modifications that should be made to the statements for them to be in conformity
84 with generally accepted accounting principles or, if applicable, with another
85 comprehensive basis of accounting;

86 (20) "State", any state of the United States, the District of Columbia,
87 Puerto Rico, the U.S. Virgin Islands and Guam; except that "this state" means the
88 state of Missouri;

89 (21) "Substantial equivalency", [a determination by the board of
90 accountancy or its designee that] or **"substantially equivalent"**, the education,

91 examination and experience requirements contained in the statutes and
92 administrative rules of another jurisdiction are comparable to or exceed the
93 education, examination and experience requirements contained in [this chapter]
94 **the American Institute of Certified Public Accounts/National**
95 **Association of State Boards of Accounting (AICPA/NASBA) uniform**
96 **accounting act** or [that] an individual certified public accountant's education,
97 examination and experience qualifications are comparable to or exceed the
98 education, examination and experience requirements contained in [this chapter]
99 **the AICPA/NASBA uniform accountancy act;**

100 (22) "Transmittal", any transmission of information in any form, including
101 but not limited to any and all documents, records, minutes, computer files, disks
102 or information.

103 2. The statements on standards specified in this section shall be adopted
104 by reference by the board pursuant to rulemaking and shall be those developed
105 for general application by the AICPA or other recognized national accountancy
106 organization as prescribed by board rule.

326.283. 1. (1) An individual whose principal place of business is not in
2 this state [and has a valid designation to practice public accounting from any
3 state which the board has determined by rule to be in substantial equivalence
4 with the licensure requirements of sections 326.250 to 326.331, or if the
5 individual's qualifications are substantially equivalent to the licensure
6 requirements of sections 326.250 to 326.331,] shall be presumed to have
7 qualifications substantially equivalent to this state's requirements and shall have
8 all the privileges of licensees of this state[, provided the individual shall notify
9 the board of his or her intent to engage in the practice of accounting with a client
10 within this state whether in person, by electronic or technological means, or any
11 other manner. The board by rule may require individuals to obtain a license.]
12 **without the need to obtain a license or to otherwise notify or register**
13 **with the board or pay any fee if the individual:**

14 (a) **Holds a valid license as a certified public accountant from**
15 **any state which the NASBA national qualification appraisal service has**
16 **verified to be in substantial equivalence with the certified public**
17 **accountant licensure requirements of the AICPA/NASBA uniform**
18 **accountancy act; or**

19 (b) **Holds a valid license as a certified public accountant from**
20 **any state which the NASBA national qualification appraisal service has**

21 **not verified to be in substantial equivalence with the certified public**
22 **accountant licensure requirements of the AICPA/NASBA uniform**
23 **accountancy act, but such individual obtains verification from NASBA**
24 **national qualification appraisal service that such individual's certified**
25 **public accountant qualifications are substantially equivalent to the**
26 **certified public accountant licensure requirements of the**
27 **AICPA/NASBA uniform accountancy act. Any individual who passed the**
28 **uniform certified public accountant examination and holds a valid**
29 **license issued by any other state prior to January 1, 2012, may be**
30 **exempt from the education requirement in section 5(c)(2) of the**
31 **AICPA/NASBA uniform accountancy act for purposes of this subdivision**
32 **(1)(b).**

33 **(2) Notwithstanding any other provision of law, an individual**
34 **who qualifies for the practice privilege under this section may offer or**
35 **render professional services in this state, whether in person, by mail,**
36 **telephone, or electronic means, and no notice or other submission shall**
37 **be required of any such individual. Such an individual shall be subject**
38 **to the requirements in subdivision (3) of this subsection.**

39 **[(2) Any] (3) An individual [of another state] licensee exercising the**
40 **privilege afforded [pursuant to] under this section [consents] and the firm**
41 **employing such licensee hereby consents, as a condition of the grant of this**
42 **privilege [to]:**

43 **(a) To the personal and subject matter jurisdiction and disciplinary**
44 **authority of the board;**

45 **(b) To comply with this chapter and the board's rules; [and]**

46 **(c) To cease offering or rendering professional services in this**
47 **state individually and on behalf of a firm in the event the license from**
48 **the state of the individual's principal place of business is no longer**
49 **valid; and**

50 **(d) To the appointment of the state board [which] that issued the**
51 **individual's license as his or her agent upon [whom] which process may be**
52 **served in any action or proceeding by this board against the individual.**

53 **[(3)] (4) Nothing in this [section] chapter shall prohibit temporary**
54 **practice in this state for professional business incidental to a CPA's regular**
55 **practice outside this state. "Temporary practice" means that practice which is a**
56 **continuation or extension of an engagement for a client located outside this state,**

57 which engagement began outside this state and extends into this state through
58 common ownership, existence of a subsidiary, assets or other operations located
59 within this state.

60 2. A licensee of this state offering or rendering services or using his or her
61 certified public accountant title in another state shall be subject to disciplinary
62 action in this state for an act committed in another state for which the licensee
63 would be subject to discipline for an act committed in the other
64 state. Notwithstanding the provisions of section 326.274 to the contrary, the
65 board may investigate any complaint made by the board of accountancy of another
66 state.

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